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OCA 416

United States Senate

SELECT COMMITTEE TO
STUDY GOVERNMENTAL OPERATIONS WITH
RESPECT TO INTELLIGENCE ACTIVITIES
(PURSUANT TO S. RES. 21, 94TH CONGRESS)
WASHINGTON, D.C. 20510

REVIEW STAFF
75-3588

Mr. Breckinridge:

As we discussed.

Bill Bader

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SSC

Mr. Chairman:

The staff study on Chile focuses on what is labeled "covert action" by the Central Intelligence Agency. Covert action, as defined by the Central Intelligence Agency, describes a policy tool for all seasons and purposes. To the Agency the term "covert action" means "any clandestine operation or activity designed to influence foreign governments, organizations, persons or events in support of the United States foreign policy."

The definition of "covert action" was not always so embracing, and indeed the term itself was only coined in recent years. This question of defining "covert action" is important as the Committee addresses the central questions:

-- As an instrument of foreign policy what can covert action do under what circumstances?

More fundamentally, should covert action be permitted? If so, under what rules and constraints?

Over the past months, the Committee has conducted a series of hearings on a variety of covert action case studies. As you have stated, Mr. Chairman, Chile has been chosen as one case of a major covert action the Committee will examine in public session. Therefore our interest is not only what happened in Chile but what the Chilean experience tells us about covert action as a foreign policy option of a democratic society.

It is important to note -- and for the public to understand -- that the objectives, the techniques, and the political control of covert operations have changed over the years. There is nothing immutable or sacrosanct about covert action -- what has

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been so fundamentally altered in the past can surely be changed or even abolished in the future.

It was only in late 1947 -- two and a half years after the end of World War II -- that the United States formally decided that clandestine intelligence collection activities of the U.S. government had to be supplemented by what was described as covert psychological operations (propaganda and manipulation of the press).

By the late spring of 1948 the Soviet threat was held to be of such seriousness that "covert operations" were expanded to include to counter Soviet propaganda and Soviet support of labor unions, student groups, and political parties, economic warfare, sabotage, assistance to refugee liberation groups, and support of anti-Communist groups in occupied or threatened countries.

Gradually, covert action was extended to include countries all around the world. Burgeoning from the experience of countering the Soviet Union and its satellites in 1947 and 1948, the CIA had major covert operations underway in roughly [redacted] countries by 1953; a commitment of over 50% of the Agency's budget during the 1950's and 1960's. (b)(3)

In broad terms -- and in the language of the trade -- covert activities since coming of age in 1948 have been grouped around three major categories: propaganda, political action, and paramilitary activities. In the experience with Chile, the largest covert activiites were those in the categories of propaganda and political action. Paramilitary activities -- that is, covert military assistance and operations -- were not employed to any

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significant degree in Chile.

Propaganda

As revealed in the staff paper, the largest covert action activity in Chile was propaganda. The CIA Station in Santiago placed materials in the Chilean media, maintained a number of assets or agents on major Chilean newspapers, radio and television stations, and used "black" propaganda -- that is, material falsely purporting to be the product of a particular group. For example, the Station used "black" propaganda to sow discord between the Chilean communists and the socialists. In some cases, the form of propaganda was still more direct. The CIA Station financed Chilean groups who erected wall posters and distributed political leaflets -- (a number of these leaflets were designed by the CIA Station in Santiago) to influence the outcome of Chilean elections.

Let me give you an illustrative range of the kinds of propaganda projects that were undertaken in Chile during the years 1961-1974:

-- Subsidization of two news services, one domestic, one hemisphere-wide to influence Chilean public opinion.
-- Operation of a press placement service.
-- Development of a commercial television service in Chile.
-- Support of anti-Communist propaganda activity through wall posters, leaflets, and other street actions.

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-- Use of an Agency controlled news agency to counter Communist influence in Chile and in Latin America

-- Placement of anti-Soviet propaganda on eight radio news stations and in five provincial newspapers

By far the largest -- and probably the most significant -- instance of US manipulation of the media is the money provided to El Mercurio, the major Santiago daily during the Allende regime.

On September 9, 1971, the Forty Committee authorized some $700,000 for El Mercurio; and added another $900,000 to that authorization in April of 1972. The CIA judged that El Mercurio, the most important opposition publication, could not survive without covert assistance because of heavy pressure from the Allende government. This pressure included restriction on the availability of newsprint and the withdrawal of government advertising.

The CIA subsequently concluded that El Mercurio and other media outlets supported by the Agency had played an important role in setting the stage for the September 11, 1973, military coup which overthrew Allende. To give you some reference point as to the potential impact of a propaganda project of the scale of the El Mercurio project, one has only to imagine the potential impact on the United States public opinion if a foreign country subsidized the budget of the New York Times and controlled a number of its employees.

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As outlined in the report, these propaganda programs went to considerable lengths during the buildup of pressure against Allende to convince the people of Chile that Allende threatened their security and their future. At one point, anxious to reinforce the notion of the close connection between Allende and Fidel Castro, the CIA sought to find a picture of Allende and Castro together. When it was discovered that no such picture existed in their archives, the Agency proceeded to manufacture such a picture and then distribute the photograph widely in Chile.

Political Action

In the intelligence trade, covert political action aims to influence without attribution to the United States political events in a foreign country. Political action can range from recruiting an agent from within a foreign government for the purpose of influencing that government to subsidizing political parties friendly to U.S. interests. Starkly put, political action is the covert manipulation of political power abroad.

From 1964 to 1968 the CIA undertook a wide range of projects aimed to influence political events in Chile by:

-- Wresting control of Chilean university student organizations from the Communists

-- Supporting a women's group active in Chilean political and intellectural life and hostile to the Allende government.

-- Combating the principal Communist-dominated labor union in Chile.

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The most impressive political action in Chile was the massive efforts made over the decade from 1964 to 1974 to influence the Chilean elections. The Central Intelligence Agency in 1964, for example, spent over $3 million in election programs, financing in the process over half of the Christian Democratic campaign. Chile is not a large country. Had a foreign government provided an equal amount per capita of covert support to the Democratic national campaign of 1964 the Democratic National Committee would have had an additional $60 million -- almost ten times the amount they actually had available. These election efforts in Chile were not limited to the providing of subsidies of political parties. Inter-agency election committees were established, in Washington and Santiago, composed of the State Department, White House and CIA officials to man an American-style campaign which included extensive political [redacted] paid for by the CIA, (the importing of an election expert from the United States), and voter registration and getting-out-the-vote drives. At one point in the 1964 election the Station in Santiago complained that the Christian Democratic political leadership was becoming increasingly dependent on the CIA and that the CIA had to take an ever-increasing hand in managing the campaign.

(b)(3)

In all the cases I have described, the major objective of U.S. covert policy in Chile was to influence, control, contain, and manipulate political power in the country. In addition, as the Committee's assassination report documents, covert action in Chile took a violent turn from political manipulation to the so-called Track II.

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At the express request of the American government's most senior officials, the CIA established links to several groups of Chilean military officers who were plotting a coup. It offered money and weapons and eventually passed weapons to a group of Chilean officers. The CIA knew that the plotters' plans began with the kidnapping of the Chief of Staff of the Chilean army, the man who stood in the way of a successful coup, General Rene Schneider. Although the United States apparently was not directly involved in the abortive kidnapping attempt which resulted in Schneider's death, the Track II episode stands as testimony as to how far the United States has been willing to go to influence covertly the course of Chilean politics.

The Control Process

As "covert action" has evolved over the years, so have the various systems of political approval and control of covert activities. A major finding of the Staff study on Chile is that the approval and monitoring process for covert action in Chile was sound in theory but in practice proved to be completely vulnerable to a President or a National Security Advisor who, apparently without fear of being held politically accountable, decided to ignore established procedures.

It is fair to say, however, that ensuring that the covert operations of the government were consistent with U.S. policy, has been a longstanding problem. To be truly "covert," operations must be guarded from public scrutiny --- and thereby guarded from public accountability. Accountability: the procedures for

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insuring that covert actions are and remain under the direct control of the senior officials of the executive branch and the Congress is difficult and the central issue of covert action.

Coordination and approval procedures for covert action have ranged from an initial short period of State and Defense Department control to the situation of the 1950's when the burden fell on the Director of Central Intelligence to insure that covert action programs and projects were in conformity with existing National Security Council directives. Even in the early years of the the so-called "Special Group" -- a coordination and control committee established in 1955 consisting of representatives from the Office of the President, the Department of State, and the CIA -- the DCI was given discretion to determine when projects were submitted to this group. Not until 1963 did the CIA establish formal criteria based on political sensitivity for submission to the Special Group, renamed the 303 Committee. In the case of Chile, CIA presentations to this Committee and its successor group -- the 40 Committee -- involved a formal submission of projects which were reviewed, often amended, and sometimes rejected. In theory all covert action projects submitted to the 40 Committee are coordinated and cleared with the Ambassador as well as the Assistant Secretary of State of the area concerned.

When we turn to the record of actual covert activities in Chile, however, this record suggests that, although these established executive processes of authorization and control were

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generally adhered to, there were -- and remain -- genuine shortcomings to that process:

-- The Agency determines which covert action projects are submitted to the 40 Committee were on the basis of the political sensitivity of a project.

-- Ambassadors and other State Department officials were informed of covert activities depending on how interested the Ambassadors were and how forthcoming their Station Chiefs were.

-- After major projects are approved by the 40 Committee, they often continue without searching re-examination. The Agency conducts annual reviews of on-going projects, but the 40 Committee does not undertake a review unless a project is recommended for renewal, or there is some important change in operation or cost.

-- Clandestine collection of human intelligence (which may be just as politically sensitive as a "covert action" witness U.S. contacts with the Chilean military during 1970-73) is not the subject of 40 Committee review.

Finally, there remains the critical question of the dangers which arise when the very mechanisms established by the Executive Branch for insuring internal political accountability are circumvented or frustrated.

The President instructed that support of the military coup, a Track II be operated without informing the U.S. Ambassador in Santiago, the State Department, or any 40 Committee member save

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Henry Kissinger. The President and his senior advisors thus denied themselves the Government's major sources of counsel about Chilean politics. And the Ambassador in Santiago was left in the position of having to deal with any adverse political spill-over from a project of which he was not informed.

The danger was greater still. Whatever the truth about whether Track II continued after October 15, 1970, -- an issue which is the subject of conflicting testimony -- all participants agreed that Track II constituted a broad mandate to the CIA. The Agency was under great pressure and given to believe it had virtual carte blanche authority to prevent Allende from coming to power, by military coup if necessary. Having been given little guidance about what subsequent clearances it needed from the White House, CIA consultation with the White House in advance of specific actions was less than meticulous.

Mr. Chairman, against the above background on the meaning and varieties of covert action, Mr. Inderfurth will discuss the major covert actions taken in Chile.

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